

**BEFORE THE SOUTH CAROLINA PUBLIC SERVICE COMMISSION
DOCKET NO. 2020-264-E
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In the Matter of:)
Duke Energy Carolinas, LLC and)
Duke Energy Progress, LLC's)
Establishment of Solar Choice)
Metering Tariffs Pursuant to S.C.)
Code Ann. Section 58-40-20)

**SURREBUTTAL TESTIMONY OF
JUSTIN R. BARNES
ON BEHALF OF
SOLAR ENERGY INDUSTRIES ASSOCIATION AND
NORTH CAROLINA SUSTAINABLE ENERGY ASSOCIATION**

I. INTRODUCTION

Q PLEASE STATE YOUR NAME, TITLE, AND EMPLOYER.

A. My name is Justin R. Barnes. My business address is 1155 Kildaire Farm Rd., Suite 202, Cary, North Carolina 27511. My current position is Director of Research with EQ Research LLC.

**Q. ARE YOU THE SAME JUSTIN R. BARNES THAT SUBMITTED
PREFILED DIRECT TESTIMONY IN THIS PROCEEDING?**

A. Yes. I submitted direct testimony on behalf of the Solar Energy Industries Association (“SEIA”) and the North Carolina Sustainable Energy Association (“NCSEA”) on February 8, 2021.

Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?

A. The purpose of my testimony is to respond to the rebuttal testimony of Duke Energy Carolinas, LLC (“DEC”) and Duke Energy Progress, LLC (“DEP”) witnesses Ahmad Faruqui, Bradley Harris, Janice Hager, and Lon Huber, the rebuttal testimony of South Carolina Coastal Conservation League, Southern Alliance for Clean Energy, and Upstate Forever (collectively “Clean Energy Parties”) witness Edward Finley, and the direct testimony of Office of Regulatory Staff witness Brian Horii. In particular, I address the issue of cost of service methodology. I agree with the positions of DEC, DEP, and Clean Energy Party witnesses that it is inappropriate, as suggested by ORS witness Horii, to change cost of service allocation methodologies outside of a general rate case. Additionally, I address the policy implications that the proposed settlement and

1 ORS witness Horii's proposed modifications would have on the current and
2 prospective solar market in DEC and DEP service territories.

3 **Q. HAVE YOU REVIEWED THE REBUTTAL TESTIMONY OF THE**
4 **WITNESSES YOU HAVE REFERENCED HERE?**

5 A. Yes.

6 **Q. DO YOU AGREE WITH THE REBUTTAL TESTIMONY OF DEC AND**
7 **DEP WITNESSES AND CLEAN ENERGY PARTIES' WITNESS FINLEY**
8 **THAT ORS WITNESS HORII'S COST OF SERVICE**
9 **METHODOLOGICAL RECOMMENDATIONS SHOULD BE REJECTED**
10 **IN THIS PROCEEDING.**

11 A. Yes. The rebuttal testimony of witnesses Faruqui, Harris, Hager, and Huber, as
12 well as Clean Energy Parties' witness Finley, all agree that it is inappropriate to
13 change the cost of service allocation methodologies outside of a rate case and that
14 it is entirely appropriate to base the cost of service analysis used by DEC and
15 DEP in this proceeding on the most recently approved cost of service approach.
16 While I have not had time to prepare a robust response to the errors in Witness
17 Horii's recommendations on modifying the applicable cost of service
18 methodology and his own cost of service conclusions, I have reviewed the
19 rebuttal of the DEC, DEP, and Clean Energy Parties' witnesses and endorse the
20 critique of witness Horii's methodological recommendations found in that
21 testimony. I took the same position for the same reasons in the proceeding
22 addressing Dominion Energy South Carolina's proposed Solar Choice tariff and

1 witness Horii's cost of service analysis. I look forward to answering any of the
2 Commission's questions regarding these positions, as they relate to my own direct
3 testimony in this docket.

4 **Q. DO YOU AGREE WITH WITNESSES FARUQUI AND FINLEY THAT**
5 **STIPULATIONS OR SETTLEMENTS CAN BE EFFECTIVE IN**
6 **RESOLVING HIGHLY ADVERSARIAL ISSUES, SUCH AS NET**
7 **ENERGY METERING?**

8 A. Yes. On pages 17-20 of his rebuttal testimony, witness Finley discusses the
9 benefits of parties settling contested issues through stakeholder discussions.
10 Similarly, witness Faruqui notes on pages 7-8 of his rebuttal testimony that
11 settlements are rare in net energy metering ("NEM") proceedings. Unlike witness
12 Horii, I agree with witnesses Finley and Faruqui that there is value in the parties
13 resolving highly adversarial issues surrounding NEM in a settlement or
14 stipulation.

15 **Q. DO YOU HAVE ANY OTHER CONCERNS RELATED TO ORS**
16 **WITNESS HORII'S DIRECT TESTIMONY?**

17 A. Yes. On page twenty-seven (p. 27) of his direct testimony, Witness Horii admits
18 that he takes no position on whether the DEC and DEP proposal would avoid
19 disruption of the solar industry in South Carolina. It is my position that witness
20 Horii ignores the intent of Act 62 in dismissing the relevance of this consideration
21 to either the DEC and DEP proposal or to his own recommended modifications to
22 the rate design.

1 **Q. DOES WITNESS HORII GIVE ANY CONSIDERATION TO EXISTING**
2 **CUSTOMER-GENERATORS AND THE POTENTIAL NEED TO**
3 **MITIGATE ANY TRANSITION TO A NEW TARIFF?**

4 A. No. Witness Horii's recommendations would lead to rate shock for existing
5 customer-generators and pose a risk to customers who have taken advantage of
6 solar leasing to facilitate investment in onsite solar. Solar leasing terms tend to be
7 in the range of twenty to twenty-five years, based on my general knowledge of the
8 industry, and the failure to mitigate any transition has proven disastrous in other
9 jurisdictions, including the debacle in Nevada in 2015. To the extent that the
10 General Assembly, through Act 62, removed the leasing cap and asked the
11 Commission to considered whether additional mitigation measures are warranted
12 to transition existing customers, it seems that solar leasing and long-term
13 expectations of customers are something that the Commission is very much
14 intended to consider in approving a successor to the current net energy metering
15 program.

16 **Q. DO YOU HAVE CONCERNS ABOUT THE ABILITY OF CUSTOMER-**
17 **GENERATORS TO TAKE ADVANTAGE OF SOLAR LEASES UNDER**
18 **THE DEC AND DEP PROPOSAL?**

19 A. To their credit, DEC and DEP have created optionality that give existing
20 customer-generators the ability to stay under the existing rate structure on which
21 they based their investment and forecast of solar value. Looking forward, it is
22 important for the Commission to ensure stability in the solar choice metering rate

1 structure and overall potential savings for customers making investment decisions
2 to ensure that customers can make informed and sound decisions. I believe the
3 DEC and DEP proposal does this in principle, but it is important for the
4 Commission to explicitly recognize that market products like a solar lease are
5 important tools to enable customers that might not be able to put out the upfront
6 capital to install onsite solar. For this purpose, it is critical that the Commission to
7 apply a long-range lens to these proposals and to account for the fact that solar
8 leasing involves a long-range customer commitment where additional confidence
9 in the stability of policy will serve to expand access to the solar market in South
10 Carolina.

11 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

12 **A. Yes.**